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Message Text

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70
ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 FEA-02 OMB-01

NIC-01 AEC-11 IGA-02 DRC-01 /187 W
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R 212011Z MAR 74
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 5737

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E.O. 11652: N/A
TAGS: ECON, ETRD, EIND, CU, AR
SUBJECT: ARGENTINE TRADE WITH CUBA: POTENTIAL VOLUME
OF SALES BY U.S. AUTOMOTIVE SUBSIDIARIES

REF: A) BA-1228
B) BA-0435
C) BA-9322 DEC 28, 1973

1. AS CONTROVERSY SURROUNDING ISSUE OF SALES BY U.S. SUB-
SIDIARIES IN ARGENTINA TO CUBA CONTINUES TO DEVELOP, EMBASSY
BELIEVE IT USEFUL TO SUPPLY DEPARTMENT WITH UPDATED ESTI-
MATE OF POTENTIAL SALES VOLUME AND VALUE NOW UNDER DIS-
CUSSION BETWEEN U.S. AUTOMOTIVE MANUFACTURING SUBSIDI-
ARIES AND CUBAN TRADE MISSION. ALL THREE COMPANIES, FORD
MOTOR ARGENTINA (FMA), GENERAL MOTORS ARGENTINA (GMA), AND
CHRYSLER FEVRE ARGENTINA, REPORT THEY CONTINUE TO DISCUSS
CONTRACT TERMS WITH CUBANS AS TACTIC TO DEMONSTRATE GOOD
FAITH TO GOA AND GAIN TIME PENDING USG DECISION REGARDING
WAIVER APPLICATIONS. FIGURES TRANSMITTED HEREWITH DERIVED
FROM CONVERSATIONS OVER LAST SEVERAL DAYS BETWEEN EMBOFF
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AND COMPANY OFFICIALS RESPONSIBLE FOR DEALINGS WITH CUBAN

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TRADE MISSION.

2. CHRYSLER FEVRE MANAGING DIRECTOR REPORTS COMPANY HAS DRAWN UP COMPLETE PRO-FORMA CONTRACT WITH TERMS ACCEPTABLE TO CUBANS REGARDING QUANTITIES AND PRICE. IF WAIVER WERE GRANTED AND TRANSACTION WERE TO BE CARRIED THROUGH, CHRYSLER WOULD SUPPLY 9,000 "DODGE 1500" AUTOMOBILES AND PARTS DURING PERIOD1974-1976. TOTAL VALUE FOB BUENOS AIRES WOULD BE APPROXIMATELY $US 25 MILLION, ACCORDING TO COMPANY.

3. FMA EXPORT DIRECTOR REPORTS CUBANS STILL CONSIDERING TOTAL UNIT VOLUME AND BARGAINING FOR LOWER QUOTATIONS. POSSIBLE DELIVERIES DURING 1974-1976 WOULD RANGE BETWEEN 3,000 AND 4,000 FORD FALCON AUTOMOBILES AND BETWEEN 1,500 AND 2,500 "F-7000" TRUCKS. WHILE FORD DID NOT SUPPLY CURRENT QUOTES TO EMBASSY, WE ESTIMATE FOB VALUE COULD RANGE BETWEEN $US 20 MILLION AND $US 28 MILLION, BASED ON CURRENT INTERNAL MARKET PRICES AND EXPORT QUOTATIONS FROM OTHER TWO U.S. FIRMS.

4. GMA EXPORT MANAGER REPORTS CURRENT DISCUSSIONS FOCUSED ON POTENTIAL DELIVERY OVER THREE YEARS OF 16,000 UNITS CHEVY STANDARD TAXIS AND TRUCKS. AUTO/TRUCK MIX AND TRUCK MODELS NOT SPECIFIED. UNIT PRICE STILL NOT SET. HOWEVER, BASED ON PRELIMINARY QUOTATIONS SUPPLIED CUBAN MISSION BY GMA IN OCTOBER 1973, TOTAL FOB VALUE OF SALES OF THIS MAGNITUDE COULD RANGE BETWEEN $US 50 MILLION AND $US 75 MILLION. THESE FIGURES ASSUME MIX OF 12,000 TAXIS AND 4,000 TRUCKS, WITH VARIATION IN TRUCK MODELS AND PRICES.

5. SUM OF ESTIMATES GIVEN ABOVE VARIES FROM $US 95 MILLION TO $US 128 MILLION. FIGURE COULD BE HIGHER IF FMA AND GMA SUPPLY LARGER TRUCK MODELS OR IF GMA SUPPLIES MORE TRUCKS THAN ESTIMATED HERE. NOTE ALSO CUBANS SEEKING LOWER PRICE QUOTATIONS FROM FORD AND G.M. COMPANY SOURCES, HOWEVER, STATE PRODUCTION COSTS IN ARGENTINA WELL-DOCUMENTED AS AT LEAST 20 PERCENT HIGHER THAN IN BRAZIL, OTHER AUTOMOTIVE INDUSTRIES ABROAD, AND EXPECT TO MAINTAIN POSITION ON THIS POINT.
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